

## Message Text

UNCLASSIFIED

PAGE 01 CARACA 03883 112308Z

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SUBJ: ICE CRITIQUE OF US TRADE ACT

SUMMARY: THE INSTITUTE OF FOREIGN TRADE (ICE) IN ITS OFFICIAL PUBLICATION "NOTAS DEL ICE" HAS SET FORTH ITS POSITION REGARDING THE UNITED STATES TRADE ACT OF 1974 WITH PARTICULAR REFERENCE TO THE GENERALIZED SYSTEM OF PREFERENCE AND THE EXCLUSION OF VENEZUELA. THE ARTICLE EMPHASIZES THAT GSP IS THE RESULT OF AN UNCTAD RESOLUTION RECOMMENDING THAT THE INDUSTRIALIZED NATIONS ACCEPT EXPORTS FROM THE DEVELOPING NATIONS ON A NON-RECIPROCAL BASIS. IN CONCLUSION THE ARTICLE STATES THAT IF VENEZUELA IS EXCLUDED FROM THE GSP, THE EXCHANGE OF NOTES OF JUNE 26, 1972, BETWEEN THE UNITED STATES AND VENEZUELA, REQUIRES A SIX MONTHS' NOTICE OF DENUNCIATION AND THAT SUCH ACTION WOULD HAVE IMPLICATIONS ON THE TRADITIONALLY GOOD RELATIONS BETWEEN THE TWO COUNTRIES. THERE FOLLOWS AN UNOFFICIAL TRANSLATION OF THE ICE ARTICLE.

2. UNITED STATES GENERALIZED SYSTEM OF PREFERENCES  
THE ESTABLISHMENT OF A PLAN GENERALIZED PREFERENCES INCLUDED IN THE TRADE BILL RECENTLY APPROVED IN THE UNITED STATES IS BASED ON RECOMMENDATIONS OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD). THE IDEA OF ESTABLISHING  
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PAGE 02 CARACA 03883 112308Z

A GENERAL SYSTEM OF PREFERENCES IN FAVOR OF EXPORTS FROM DE-

VELOPING COUNTRIES, WITHOUT ANY RECIPROCITY OBLIGATION, STARTED IN 1964 AND WAS IMPROVED DURING SUBSEQUENT INTERNATIONAL CONFERENCES. IN 1971, THE CONTRACTING PARTIES OF THE GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT) AGREED TO EXCEPT INDUSTRIALIZED COUNTRIES FOR TEN YEARS FROM THE OBLIGATION OF APPLYING THE MOST-FAVORED-NATION PRINCIPLE, THEREBY PERMITTING THE GRANTING OF PREFERENTIAL TARIFFS ONLY TO DEVELOPING COUNTRIES.

3. THE PRINCIPLES INCLUDED IN THESE DECISIONS, MAINLY THE UNIVERSALITY AND NON- RECIPROCITY, ARE THE ESSENCE OF WHAT MUST BE THE NEW ECONOMIC INTERNATIONAL ORDER.

4. THE SYSTEM OF PREFERENCES TRIES TO PERMIT THE ACCESS TO ALL MANUFACTURED AND SEMI- MANUFACTURED PRODUCTS (INCLUDING PRIMARY MANUFACTURED OR SEMI- MANUFACTURED PRODUCTS) FROM DEVELOPING COUNTRIES' MARKETS, WITHOUT RESTRICTIONS AND WITH CUSTOM FRANCHISES, EVEN THOUGH THERE EXIST SOME MECHANISMS OF PROTECTION.

5. THE UNITED STATES IS THE LAST OF THE INDUSTRIALIZED COUNTRIES THAT PUT IN FORM THIS TYPE OF PLAN, AFTER THE EUROPEAN ECONOMIC COMMUNITY, JAPAN, NORWAY, UNITED KINGDOM, DENMARK, FINLAND, IRELAND, AUSTRALIA, NEW ZEALAND, SWEDEN, SWITZERLAND, CANADA, AND SOME COUNTRIES OF THE SOCIALIST AREA. THE SYSTEM PLACED IN FORCE BY THE UNITED STATES ESTABLISHES RESTRICTIONS AND LIMITATIONS WHICH MAKE IT RATHER INFERIOR TO THE ORIGINAL IDEA STATED AT UNCTAD AND WHICH COULD ABOLISH THE ADVANTAGES THAT DEVELOPING COUNTRIES COULD DERIVE FROM THE APPLICATION OF THE SYSTEM OF PREFERENCES. IN FACT, THE WORST LIMITATIONS WHICH THE SYSTEM OF PREFERENCES OF THE UNITED STATES HAS ARE THOSE WHICH INTEND TO EXCLUDE FROM THE BENEFITS OF THE SYSTEM THE ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC) MEMBERS, AS WELL AS ANY OTHER COUNTRY THAT MAY ASSOCIATE WITH ANY PRODUCERS ORGANIZATIONS IN ORDER TO PROTECT OR INCREASE EXPORT PRICES OF THEIR PRODUCTS IN THE INTERNATIONAL MARKETS.

6. IT SHOULD BE NOTED THAT THIS LIMITATION RUNS CONTRARY TO WHAT IS FORESEEN IN ARTICLE 5 OF THE LETTER OF ECONOMIC DUTIES AND RIGHTS OF COUNTRIES, RECENTLY APPROVED BY THE UNITED NATIONS, WHICH SAYS QTE ALL COUNTRIES HAVE THE RIGHT TO ASSOCIATE

UNCLASSIFIED

PAGE 03 CARACA 03883 112308Z

THEMSELVES WITH ORGANIZATIONS OF RAW MATERIAL PRODUCERS IN ORDER TO DEVELOP THEIR NATIONAL ECONOMIES, GET STABLE FINANCING FOR THEIR DEVELOPMENT AND, IN THE FULFILLMENT OF THEIR PURPOSES, COLLABORATE IN THE PROMOTION OF THE SUSTAINED GROWTH OF THE WORLD ECONOMY, ESPECIALLY ACCELERATING THE DEVELOPMENT OF DEVELOPING COUNTRIES. INCONSEQUENCE, ALL COUNTRIES MUST RESPECT THIS RIGHT, ABSTAINING FROM APPLYING ECONOMIC AND POLITICAL MEASURES THAT COULD LIMIT THIS RIGHT.

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7. IF THE GOVERNMENT OF THE UNITED STATES CONSIDERS SUCH ORGANIZATIONS AS CARTELS INTENDING TO FIX PRICES IN A MONOPOLISTIC WAY, THE GROUP OF EXCLUDED COUNTRIES SHOULD BE INCREASED IN ORDER TO INCLUDE THOSE COUNTRIES WHICH BELONG TO OTHER INTERNATIONAL ORGANIZATIONS OPERATING OR IS IN PROCESS OF BEING ESTABLISHED.

8. THERE IS NO DOUBT THAT SUCH LIMITATIONS DIMINISH THE SUCCESS OF THE UNITED STATES SCHEME IN ITS ORIGINAL IDEA OF STIMULATING THE EXPORTATION FROM DEVELOPING COUNTRIES, AND CONVERT IT INTO AN INSTRUMENT THAT MAY BE USED FOR DISCRIMINATION AGAINST THE THIRD WORLD COUNTRIES NEGATING THE EFFORTS TO OVERCOME

UNDERDEVELOPMENT BY CONCRETE ACTIONS IN THE INTERNATIONAL TRADE FIELD FOSTERED BY THE UNITED STATES GOVERNMENT ITSELF UNDER THE THEME: "TRADE IS BETTER THAN AID," ALTHOUGH IT IS EVIDENT THAT NOT IN ALL CASES CAN ONE SUBSTITUTE THE OTHER.

9. IF THESE MEASURES WERE APPLIED, THEY WOULD REFLECT A DISPOSITION FOR A CONFRONTATION AGAINST THE LEGITIMATE ASPIRATIONS OF DEVELOPING COUNTRIES FOR OBTAINING JUST TREATMENT.

10. IN THE SPECIFIC CASE OF VENEZUELA, THE TRADE RELATIONS BETWEEN THE TWO COUNTRIES ARE RULED BY THE CONDITIONS ESTABLISHED IN THE DIPLOMATIC NOTES EXCHANGED ON JUNE 26, 1972, BY WHICH THEY RECIPROCALLY GRANTED TO EACH OTHER THE "MOST-FAVORED-NATION TREATMENT."

11. AS A CONSEQUENCE, IF THE UNITED STATES GOVERNMENT WOULD CONSIDER APPLYING TO VENEZUELA SOME OF THE RESTRICTIONS WHICH IT IS EMPOWERED TO EXECUTE ACCORDING TO THE NEW TRADE ACT,  
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PAGE 04 CARACA 03883 112308Z

IT WOULD PREVIOUSLY HAVE TO FORMALIZE THE DENUNCIATION OF DUTIES DERIVED FROM THE AFOREMENTIONED EXCHANGE OF NOTES.

12. CERTAINLY, THIS TYPE OF ACTION WOULD HAVE IMPLICATIONS ON THE TRADITIONALLY GOOD RELATIONS BETWEEN BOTH COUNTRIES.  
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